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INTELLIGENCE - ESPIONAGE / LEV NAVROZOV

The CIA's Annual Myth: Soviet Gross National Product

Every year the CIA has been calculating the Soviet Gross National Product — the most important figure in its analysis of the Soviet economy, used also to determine the often-quoted “percentage of Soviet military spending in the Soviet GNP.”

In the United States, the GNP can be calculated because all goods and services are sold at market prices and the sales are reported.

In the Soviet economy, prices are set by the rulers for purposes of their own: Thus, the prices of what the rulers consider necessities (rye bread, for example) — without which their subjects cannot live, work or fight — are sufficiently low for the lowest-paid to buy in sufficient quantities.

On the other hand, the prices of what the rulers consider luxuries — without which their rank-and-file populace can well live, work and fight — can be multiplied as many times compared with their cost as is necessary to price them out of reach of the rank-and-file populace or allow only minimal purchases.

Take women's shoes, for example. If the price of shoes is sufficiently high, a woman can wear one pair of shoes all her life and pass them on to her daughter to wear *all her* life.

Once, in a village not far from Moscow, I saw young girls walking to a dance party barefoot, each with a pair of shoes in her hand. To dance barefoot is improper, of course, but why wear shoes *walking* to dances when the young men don't see them anyway?

Given such thrift, shoes can go a long way, and the rulers price them accordingly. The fewer pairs of shoes they have to make, the more manpower and other resources they will have at their disposal to produce weapons.

Nonexistent Soviet GNP

Let's suppose that the CIA agents in Russia (once upon a time the public was assured that Russia was ridden with them) have listed all goods produced in Russia this year, along with their prices. The Soviet GNP calculated by adding all these data would be an entirely meaningless figure.

Nor do the rulers themselves need it. What for? The Americans want to know their GNP in order to know how much *wealthier* their country has become; the Soviet rulers want to know how much *more powerful* theirs has become.

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Wealth — that is, how many shoes have been sold and what were their market prices — is of no cardinal interest to them. On the contrary, they want as little manpower to be set aside for the production of shoes as possible, and in that respect they want the country to be poorer, not richer. The rulers of Russia couldn't care less about the wealth of Soviet citizens.

Let's imagine that the CIA agents have listed, say, the number of pairs of women's shoes produced in Russia this year. In order to determine the value of women's shoes, the CIA would price them not in Soviet rubles, but in dollars.

As we know, the CIA did this as follows. The “CIA's agents” would buy an “average pair of women's shoes” in Moscow and bring them to the United States, where shoe manufacturers

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could then evaluate them in dollars. In the same way, the CIA can add up the values in dollars of all other Soviet goods and services.

U.S. Shoes Vary Widely

However, in the United States the value of a pair of shoes depends on such factors as make, style, design and quality. There are thousands of different kinds of shoes available on the market.

If American shoe manufacturers could mass-produce standard, uniform shoes, they could possibly sell them for less than \$5 a pair. On the other hand, hand-made designer shoes can sell at \$1,000 a pair. What is the “average?”

Similarly, rye bread is not considered a vital food in the United States, just one of myriads of foods available on store shelves and in restaurants. Hence, rye bread is not a whole lot cheaper than wheat bread (as is the case in Russia) or other foodstuffs — e.g., oranges — which the rulers of Russia price as expensive delicacies.

For Americans the cost of rye bread is comparatively much higher than in Russia because they can choose from myriads of other foodstuffs, while this is not at all the case in Russia.

Thus, even if the CIA's agents could list all goods and services produced in Russia and “evaluate” average samples, the CIA's “Soviet GNP” figure would make no sense.

The congressional hearing on Nov. 21, 1984, marked the 11th year of the CIA's annual testimony before the Joint Economic Committee of Sen. William Proxmire, D-Wisc. So after 11 years of hearing about the CIA's estimates of Soviet output in dollars, Proxmire asked:

“Why is there no presentation of the dollar cost estimates of Soviet defense? Is it correct that the ruble estimates you have given us are based on the dollar estimates?”

Instead of answering, Robert Gates, CIA deputy director for intelligence, burst out with a speech of about three standard typewritten pages in length.

An excerpt will illustrate how obscure the speech was: “I went to the Director [of Central Intelligence], and it was at my initiative, and proposed to him that we not do the dollar costing paper, that we continue to do the dollar costing work because it supported much of our work on ruble costing.

“So do we do or do we not do the dollar costing work?”

Proxmire interjects: “Let me just interrupt you . . .”

However, Gates races on: “In any event, I made the recommendation to the Director that we approach the Department of Defense, ask them, or tell them, in effect, that we would not be doing the dollar-cost estimate.”

But the dollar-cost estimate of the “Soviet GNP” is far more absurd than that of Soviet defense as part of the Soviet “GNP.” At least, American weapons may be evaluated in dollars on the basis of an average sample more adequately than can Soviet shoes.

If the CIA gives up its dollar-cost estimates of Soviet weapons, surely its dollar-cost “Soviet GNP” should be given up as even more worthless.

As for the CIA's “ruble-cost estimates,” the CIA derived them from its “dollar-cost estimates” in a totally fantastic manner.

The termination of the CIA's “dollar-cost estimates” terminates its “ruble-cost estimates.”

So what remains of the CIA's testimony before Proxmire's committee for 11 years? Has the CIA renounced what it has been doing for about 30 years? Or does the CIA's “Soviet GNP” still exist?

When a Dictator Dies, How Much Turmoil Will Follow?

By RICHARD K. BETTS

And SAMUEL P. HUNTINGTON

"When Tito dies, will Yugoslavia fall apart?" That question was common in the 1970s as global foreign-policy makers looked at a country that appeared to be held together by a unique ruler and wondered about the implications of his passing for the world's strategic balance.

Today, the world is contemplating how the Philippines is faring after the departure of Ferdinand Marcos. But what about China after Deng Xiaoping, Indonesia after Suharto, or many other such cases in which the long endurance of an authoritarian leader overlays internal political strains? There are more than three dozen authoritarian leaders who have been in power in the developing world for 10 years or more. Many are elderly. Will their deaths precipitate domestic crises and world upheaval? The answers are critical in many parts of the world, but particularly in Asia, where many countries have longstanding authoritarian leaders. There is a widespread presumption that countries ruled for extended periods by authoritarian leaders degenerate into chaos when those rulers die and their special personal status no longer holds the lid on their countries' tensions. Our study of 22 longtime authoritarian leaders who have died naturally since World War II bears out that assessment to a certain degree. While the death of such a leader isn't necessarily followed by political instability, it is fairly likely.

Great variations in political instability occurred in the first year after the leader's death. Within four years, however, the picture is quite different:

- Coups or coup attempts occurred in 10 cases (China, South Korea, Bhutan, Haiti, Kenya, Panama, Egypt after Nasser, Dominican Republic, Guinea, Portugal).
- Mass turbulence occurred in 10 cases (South Korea, Portugal, Spain, Kenya, Kuwait, Nepal, Egypt after Nasser, Egypt after Sadat, Yugoslavia, Dominican Republic).
- Guerrilla terrorism occurred in nine cases (China, Saudi Arabi, Haiti, Panama, Egypt [Sadat], Yugoslavia, Dominican Republic, Portugal, Spain).
- Civil conflict occurred in four cases (China, Yugoslavia, Dominican Republic, South Korea).
- Revolution occurred only in the case of Portugal.

In some instances instability led to new leadership with significantly different policies, including more moderate ones (China, Guinea). In three cases (Dominican Republic, Portugal and Spain), instability led to the replacement of authoritarian regimes by democratic ones.

Our study shows three factors are

Potential for Significant Post-Death Instability

Low	2	3	4	5	6	7	8	High
1								9
Qatar	Benin	N. Korea	Bahrain	Jordan	Chile	Somalia	Burma	Tunisia
	Bhutan	Niger	Cuba	Madagascar	Gambia	Zambia	Morocco	
	Nepal	Taiwan	Gabon	Mali	Indonesia			
	Oman		Ivory Coast	Paraguay	Syria			
	Rwanda		Lesotho					
	Togo		Libya					
			Malawi					
			Singapore					
			Vietnam					
			Zaire					

closely related to whether an authoritarian leader's death will spark instability:

First is the measure of instability that exists before the leader's death. In general, a high level of instability before a leader's death indicates high levels of political consciousness, organization and activity, which are likely to sustain the instability after the leader's death.

The second factor is the number of years the leader has been in power. A long tenure suggests political rigidity and lack of adaptability. The level of instability after a leader's death is strongly associated with the number of years he has been in power. In our study, the deaths of the four leaders in power for more than 30 years were followed by extensive instability in three cases (Portugal, Spain, Dominican Republic) and moderate instability in the fourth (Yugoslavia). At the other extreme, the deaths of seven leaders in power for 10 to 14 years were followed in three cases by no instability (Swaziland, Algeria and Saudi Arabia), in three cases by limited instability (Haiti, Panama and Kuwait), and only in one case (Egypt after Sadat) by moderate instability. In general, the earlier authoritarian leaders die in office the less instability follows their death.

The last factor in determining whether the death of an authoritarian leader will spark political instability is the country's level of social organization, which, in turn, often reflects socio-economic development. Well-organized groups such as trade unions, political parties, religious groups and universities can facilitate the mobilization of people for protests, rioting and insurrection following the leader's death. More instability occurred in countries such as South Korea, Spain and Egypt because social organizations could and did mobilize their constituents, than in countries such as Nepal, Liberia and Saudi Arabia that lacked such groupings.

Using these three factors as a basis for estimation, we have looked at countries ruled today by long-term authoritarian rulers and assessed the likelihood of significant instability if they die in office (see table.) Five of the leaders (in Chile, Syria, Burma and Tunisia) whose deaths might

reasonably be expected soon due to age or bad health, are in the top half of the countries in terms of estimated probability of instability.

Two questions arise with respect to U.S. policy toward such regimes.

Does the U.S. have an interest in attempting to minimize instability after the death of a long-term authoritarian leader? If so, how can the U.S. promote its ends?

In six of the 11 countries in the top half, changes in regimes or policies could significantly affect U.S. interests (Chile, Indonesia, Syria, Somalia, Morocco, Tunisia). Of the countries with lower estimated potential instability, a much smaller proportion could affect U.S. strategic or economic interests greatly (Jordan, Cuba, Libya, Singapore, Vietnam, Zaire, North Korea, Oman, Taiwan and possibly Bahrain and Qatar).

Our overall conclusions are both unsettling and reassuring. The leaders of a number of important authoritarian regimes are likely to die in the coming years. Their deaths will often be followed by significant political instability. In most cases, the U.S. can do relatively little to limit that instability. In most cases, also, that instability isn't likely to pose major challenges to U.S. interests.

This general prognosis, however, leaves the possibility of some extremely disturbing outcomes. Past cases suggest that overall U.S. interests are most likely to suffer if pro-American leaders are overthrown, less likely to suffer if they die naturally in office, and least likely to suffer if they die before decades of endurance in office wear out their welcome.

Given the limited possibility and wisdom of U.S. initiatives to affect these situations, American interests generally will be best served if longstanding dictators die in bed, soon.

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